

PROSPECTS COLLEGE OF ADVANCED TECHNOLOGY

MEETING OF THE BOARD OF GOVERNORS

19 JULY 2018

MINUTES

Present: David Sherlock (Chair) External Governor
Judith Abbott Chief Executive
Sue Dare External Governor
Bala Mahendran External Governor
Peter McKee External Governor
Theo Steel External Governor
Cath Weissand Staff Member

In attendance: Robin Jones Clerk to the Board of Governors
Ros Parker Principal
Malcolm Rodrigues ESFA

715 MEMBERSHIP OF THE BOARD – PROF RAO BHAMIDIMARRI

The Board noted that Prof Rao Bhamidimarri had resigned from membership of the Board following his appointment as a Director at Purico Ltd with responsibility for their Asian operations which would require him to spend a lot of time aboard.

The Board agreed:

- 1 to place on record the appreciation of Members for the contribution of Prof Rao Bhamidimarri to the work of the Board and the wider College over the last two years and to wish him well for the future
- 2 to note that there were opportunities for collaboration with the merged College when the formalities were concluded, and these would be pursued in due course.

716 APOLOGIES FOR ABSENCE

The Board noted that apologies for absence had been submitted by Jamie Dean, Stephen Metcalfe and Rachel Richards given other commitments.

The Board noted that the meeting was quorate and could proceed.

717 DECLARATIONS OF INTEREST

The Members present confirmed that there were no declarations of interest relative to the issues set out in the published agenda other than Sue Dare who advised that she was registered with ETF and FEA with the latter being relevant to the appointment of the Project Manager and other support associated with the planned merger with South Essex College.

Sue Dare took the opportunity to make known to the Board that she had been appointed as the Interim Principal of the National College of Creative Industries based in Purfleet and this may have some relevance to membership of the Shadow Board as it was believed that South Essex College had some similar course provision.

718 MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON 28 JUNE 2018

The Minutes of the meeting of the Board of Governors held on 28 June 2018 were agreed to be a correct record and were signed by the Chair.

719 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON 28 JUNE 2018

The Board agreed that all of the items arising from the minutes of the last meeting requiring attention were addressed in the published agenda.

720 ELECTION OF CHAIR AND VICE CHAIRS – 2018/19

The Board confirmed the outcome of the exchange of emails that the following appointments be made for 2018/19:

- 1 David Sherlock to continue as the Chair of the Board in 2018/19
- 2 Peter McKee to continue as one of the Vice Chairs of the Board in 2018/19
- 3 Theo Steel be the second Vice Chair of the Board in 2018/19

The Board agreed to place on record the appreciation of all Members for the contribution of Bala Mahendran who had acted as a Vice Chair since incorporation.

721 MEMBERSHIP OF THE NEW BOARD POST MERGER

David Sherlock and Theo Steel took the opportunity to confirm that they would not wish to continue post-merger and it was known that several other current Board Members would wish to consider their longer-term position before any commitments were made in terms of the planned future as part of South Essex College.

722 MERGER UPDATE

The Board received a comprehensive update on the various discussions and actions over the last three weeks to progress the planned merger with South Essex College including:

- The visit in a Stoke on Trent College to discuss the basis for the preparation of an application to the Transaction Unit and the learning points which included the fact that ongoing monitoring of the allocation and spend could continue for up to ten years
- The meeting with representatives of the Transaction Unit
- The identification of FEA as the preferred provider of the Project Manager (Rob Sibley) and this had been approved by Board Members following an email exchange
- The engagement of FEA had the benefit of the provision of additional resource to support the merger process over and above Rob Sibley including the preparation of the Transaction Unit application
- The engagement by South Essex College of an experienced HR specialist to support the merger
- The scoping of what was involved in the Due Diligence process and the firms available to carry out this essential work
- The recommendation that the merger should take place on 1 February 2019 and not 1 January 2019 as originally suggested as that avoided the Bank Holiday and the relatively long period of shut down over the Christmas and New Year period.

The Board agreed following discussion:

- 1 to note the merger update provided by the Chief Executive and the Principal which was thought by Members to show that good progress was being made towards the completion of the planned merger
- 2 to support the recommendation that the planned merger should take place on 1 February 2019 subject to ongoing review by the Board and the Joint Shadow Board with representatives of South Essex College
- 3 that it would be appropriate to write to the FE Commissioner to advise him of the planned change of date for the merger and the reasons so that he had the opportunity to comment if he thought appropriate
- 4 to approve the appointment of BDO and Eversheds to carry out the financial Due Diligence and the legal Due Diligence respectively

723 ESFA CASE CONFERENCE MEETING

The Board received and noted the Minutes of the ESFA Case Conference held on 27 June 2018 and recalled that the main issues had been made known to Members at the meeting of the Board held on 28 June 2018.

724 BUDGET – 2017/18 – MANAGEMENT ACCOUNTS

The Board received and discussed the Management Accounts for June 2018 (Period 11 of 2017/18).

In addition to a comprehensive commentary prepared by the Chief Executive the Management Accounts included:

- The Income and Expenditure Account to 30 June 2018
- Balance Sheet as at 30 June 2018
- Cashflow Forecast to July 2018 and July 2019
- Predicted out-turn for the year to 31 July 2018

The Board recognised that the position at the end of June 2018 was a little better than had been projected by £50k which meant that the end of year deficit was reported to be (£1,500,00). However, this could be reduced by £200k if the London Borough of Newham accept that the College should receive the 80% relief from Council Tax on TUCA as an exempt charity. To date the Authority had rejected the request by PROCAT even when supported by the Instrument & Articles of Government which are normally enough to establish the standing of an incorporated college.

Whilst discussing the Management Accounts the Board noted that CSL had been advised that it was essential that the costs associated with the lease cars were covered and the appropriate amounts were in future paid to PROCAT in advance of the date in each monthly when payment had to be made by the College to the lease company.

The Board agreed:

- 1 to note the Management Accounts for June 2018 and the various points highlighted during the presentation of the report
- 2 to note that the updated out-turn position indicated an end of year deficit of £(1,500)k which would be reduced by £200k if and when the London Borough of Newham accept that 80% relief should be given for the Council Tax on TUCA

- 3 to request the representative of the ESFA to provide the London Borough of Newham with confirmation that PROCAT was indeed an exempt charity
- 4 to note that RSM UK had been engaged to review the VAT position and this was completely separate to the appointment as the Financial Statements Auditors for 2017/18

725 INCOME & EXPENDITURE BUDGET – 2018/19

The Board received and considered the following:

- the report of the Chief Executive commenting on the basis for the preparation of the Annual Budget for 2018/19 and the key themes
- the detailed Income & Expenditure Forecast
- the Capital Expenditure Budget for 2018/19
- the Cashflow Forecast to July 2019
- the Balance Sheet

The Board noted, in particular, that the Annual Budget had been prepared on a “business as usual” basis which assumed that PROCAT remained as a standalone organisation and, therefore, no account had been taken of the savings that would be achieved as a result of the planned merger with South Essex College. Furthermore, a cautious approach had been taken with the cost base and the capacity to reduce costs in year.

The Budget as presented assumed that the College continued to operate on the three current sites and there was no significant restructuring or capital investment.

The Board was advised of the basis for the main sources of income – Apprenticeships, Study Programme, Adult Education and Commercial – and the areas of expenditure.

The report of the Chief Executive also addressed such aspects as the Bank Loan covenants and the main risks and opportunities for the College in working to the Annual Budget as presented.

The point was made and understood by Members that, whilst the ESFA would consider a further application for Exceptional Financial Support over and above the amount previously discussed, it was not the practice to pay in advance of need. Therefore, it was important that the College continued to keep the ESFA Officers aware of progress toward the planned merger and the Budget position so that consideration could be given to a further request if really necessary to maintain the College and to enable costs to be covered.

The Board agreed, following discussion:

- 1 to approve the Annual Budget for 2018/19, including the Capital Expenditure Budget and the Cashflow Forecast to July 2019, as submitted which provided for a bottom line deficit of £(1,600,000) for the full year
- 2 to recognise that the actual out-turn deficit would be less than the projected full-year amount of £(1,600,000) and this would depend on when the planned merger with South Essex College took place
- 3 to note that the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the year 2018/19 was estimated to be £(1,175,740)

- 4 to note that, when preparing the Annual Budget and Cashflow Forecast, account had been taken of the already requested Exceptional Financial Support and additional amounts would only be required if the planned merger was delayed by some months or, indeed, did not take place at all which was thought to be most unlikely.

726 FINANCIAL PLAN

The Board noted it was now understood that as the intention was to merge with South Essex College during the next year it was only necessary to provide the ESFA with the projected out-turn for the current year and the Income & Expenditure for the next year (in this case 2018/19) and not the projections for the subsequent year.

This said, the College would need to prepare a three year forward projection for inclusion in the submission to the Transaction Unit for merger financial support.

The Board agreed:

- 1 to note the requirements relating to the submission to the ESFA of the Financial Plan and to agree that the Chief Executive be authorised to progress accordingly on the basis of the projected out-turn for 2017/18 and the Income & Expenditure Budget for 2018/19 (as outlined in items 724 and 725 above)
- 2 to look forward to receiving at the meeting scheduled for 23 August 2018 the three year forward projection for inclusion in the submission to the Transaction Unit for merger financial support.

727 FINANCIAL REGULATIONS

The Board received the recommendation of the Chief Executive that there would be value in adopting the Financial Regulations of South Essex College rather than updating the current arrangements in place for PROCAT.

The Board agreed, following discussion, to ask the Chief Executive to personalise the document so that it related more closely to the arrangements and structures in place in PROCAT for presentation to a forthcoming meeting of the Board for final approval.

728 FEES & CHARGES POLICY

The Board approved in principle the recommendation that the Fees & Charges Policy of South Essex College be adopted for use by PROCAT in 2018/19 subject to the section on Apprenticeships (ie 6) being enlarged given the relevance for PROCAT.

The updated version of the document would be presented to a forthcoming meeting of the Board for a final review and approval but in the meantime the provisions of the existing document may be applied by PROCAT.

729 SUB-CONTRACTING POLICY

The Board noted that the Sub-Contracting Policy was being updated for 2018/19 and would be presented to an early meeting of the Board for consideration and approval.

730 AUDIT & RISK COMMITTEE – 19 JULY 2018

The Chair of the Audit & Risk Committee reported that a meeting of the Committee had taken place earlier in the day and the Minutes would be presented to the Board on 23 August 2018.

The main items of business had concerned:

- the Audit Plan prepared by RSM UK for the review of the Financial Statements for 2017/18
- reviews of reports prepared by SRF on funding and Scrutton Bland on
- the presentation of a report by the Compliance Officer
- the updated Risk Register

731 PERFORMANCE MONITORING

The Board received an update from the Principal on the following areas of organisational performance:

- student recruitment and retention in 2017/18 relative to 2015/16 and 2016/17
- student attendance by Department
- Apprenticeship performance and vacancies
- Study Programme recruitment

The Board agreed:

- 1 to note the update provided by the Principal on College performance
- 2 that Board Member Sue Dare and the Principal should meet to develop a one-page KPI overview report for presentation to future meetings of the Board.

732 CREATIVE SPORT & LEISURE PERFORMANCE UPDATE

The Board received and noted an update on the performance of learners still on the PROCAT funding return who are associated with Creative Sport & Leisure (CSL).

The particular attention of Members was drawn to the 24 out of funded learners which equated to 58.5%. It was explained that those who had not achieved by 31 July 2018 would be removed from the College's ILR return.

733 QUALITY IMPROVEMENT PLAN

The Board received and noted the update to the Quality Improvement Plan which was based on a RAG rating.

The particular attention of Members was drawn to:

- the much higher than before responses to the FE Choices Learner Views Survey which would be the subject of a drill down to identify any significant issues on a College Department basis
- the development of teaching practice across the College which indicated improvements on the position seen in previous years
- the expectation that achievement levels on Study Programmes would be lower than would have been hoped although the final out-turn should be above the Minimum Level of Performance (MLP).

734 ACTION PLAN ON RAIL

The Board received and noted the Action Plan on Rail which was presented using a RAG rating which provided an assurance that a number of key themes were being progressed by the College.

735 FE COMMISSIONER – UPDATE

The Board received and noted the update on progress relating to the recommendations of the FE Commissioner as set out in the report on PROCAT.

736 HEALTH & SAFETY

The Board received the report prepared by the Head of Estates who had recently been appointed to oversee Health & Safety until the merger with South Essex College took place following the resignation of the Health & Safety Manager.

The report addressed a range of issues including:

- the number and nature of accidents during the year to date
- the collection of near miss data
- the related staff training including First Aid and Fire Marshal scheduled to take place by the end of August 2018 with the intention of building resilience across the College sites
- meetings of the Health & Safety Committee
- periodic and routine inspections and audits which remained up-to-date

The planned merger with South Essex College provided an opportunity to migrate to those Health & Safety policies and procedures. The intention was to work with SEC representatives on a gap analysis to ensure that the best possible practice was in place.

The Committee agreed:

- 1 to receive and note the update on Health & Safety
- 2 to note that the PROCAT Health & Safety Policy was due to be reviewed for 2018/19 and the intention was to work with representatives of South Essex College to integrate the arrangements as far as practicable
- 3 to note the current position with regard to the preparations to seek the British Safety Council 5* Award

737 SAFEGUARDING & PREVENT ANNUAL REPORT INCLUDING PERSONAL DEVELOPMENT, BEHAVIOUR & WELFARE

The Board received the Safeguarding & Prevent Annual Report for the period September 2017 to July 2018 which also covered Personal Development, Behaviour and Welfare (PDBW).

A range of issues were addressed including:

- the number of Safeguarding referrals made during the year (ie 59)
- the arrangements made to provide a point of contact and put in place care plans for the referrals
- the fact that the highest proportion of the referrals concerned family issues (ie 12 of the 59) and the number of mental health and bereavement related cases also increasing

- the arrangements for the training and development of staff
- the intention to review all related practices in readiness for 2018/19
- the work of the Safeguarding Committee which now had a wider remit than in the past to cover PDBW
- the plans for tutorials in the coming year with a focus on British Values, Equality & Diversity, Prevent and other relevant topics identified by the Safeguarding Committee

The Principal explained that the College had made a term time only appointment to the post with responsibility for leading on Safeguarding & Prevent.

The Board agreed to note the Safeguarding & Prevent Annual Report for 2017/18 and, in doing so, to note that the arrangements for the arrangements for sharing related information were addressed by the approach to the General Data Protection Regulations (GDPR).

738 SAFEGUARDING & PREVENT POLICY – 2018/19

The Board noted that the College Safeguarding & Prevent Policy was in the process of being updated for 2018/19 and would be presented to an early meeting of the Board for consideration and approval.

739 CALENDAR OF MEETINGS – 2018/19

The Board approved the calendar of meetings for 2018/19 up to the date of the planned merger with South Essex College:

- Thursday 23 August 2018 at 2.30pm
- Thursday 27 September 2018 at 1.30pm
- Friday 26 October 2018 at 1.30pm
- Thursday 29 November 2018 at 1.30pm
- Thursday 20 December 2018 at 1.30pm
- Tuesday 29 January 2019 at 1.30pm

Members recognised that, given the range and importance of issues to be addressed, it may be appropriate to arrange additional meetings and or change the planned meetings to seek to maximise attendance.

740 CONFIDENTIAL ITEMS OF BUSINESS

The Board considered other items which, on the grounds of confidentiality, are the subject of separate minutes only available for reference by, as appropriate, Members of the Board, the Executive and others designated to have access.

Note: the confidential items of business are covered in 741 to 746

Signed: _____ Date: _____